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28 July 1955

CURRENT INTELLIGENCE WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY

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T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

PROSPECTS AFTER GENEVA Page 1

The general impression left by the Geneva talks is that the Soviet leaders are relatively content with the status quo and believe that time is on their side in the long-term struggle with the West. The negative Soviet attitude on German unity is unlikely to change in substance when Chancellor Adenauer visits Moscow, although there may be some tactical offers on unification based on German neutrality within a security system. While Moscow obviously decided that the time was not ripe for demanding a multilateral Far Eastern conference, it is probably holding such a proposal in reserve. [REDACTED]

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TALKS BETWEEN AMERICAN AND CHINESE AMBASSADORS Page 2

In the talks between the American and Chinese Communist ambassadors in Geneva, it would seem to Peiping's interest to take a conciliatory line on the question of detained nationals in the hope of smoothing the way for a discussion of larger issues such as Formosa. [REDACTED]

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PART II

NOTES AND COMMENTS

Soviet Mid-1955 Economic Plan Report: The Soviet 1955 midyear plan report, issued on 21 July, indicates that recent measures to improve the efficiency of the Soviet economy have been generally effective. The 1955 industrial goals, which were generally revised upward last winter, will be more than met. Agriculture continues to be the weakest sector and to receive increasing support. The rate of improvement in output of consumer goods will probably be somewhat lower than last year. The announcement confirmed the emphasis on heavy industry and agriculture evident in Soviet statements and releases since early this year. [REDACTED]

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Soviet Delegation to Geneva Visits East Berlin: Soviet efforts to increase domestic support for the East German regime and to raise its prestige in the eyes of the world are apparent in the stopover of Bulganin and Khrushchev in Berlin after the summit conference. Soviet leaders also probably considered it necessary to reassure the East German leaders and their supporters, who fear they will be abandoned for the sake of unifying Germany. [REDACTED]

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Moscow May Be Studying Plans for "Free" Elections in Satellites: There are rumors of preparations for "free" elections in the Eastern European Satellites. The USSR may be planning some form of dramatic propaganda gesture in Eastern Europe intended to conciliate opinion not only in the West but to some extent among the Satellite populations as well. [REDACTED]

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Philippines--Magsaysay-Recto Feud: President Magsaysay's public break with Senator Recto on 26 July shows he now is ready to make a more determined effort to lead the Nacionalista Party and push for the adoption of his own policies. Magsaysay announced that he would not support Recto for re-election in November and would personally campaign against him if he is renominated. Recto will nevertheless be a hard man to beat. [REDACTED]

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Situation Remains Tense in Vietnam: Partially as a result of the hostile reaction to the 20 July riots against the International Control Commission, Diem has indicated, in effect, that he is not unalterably opposed to some sort of consultation with the Viet Minh regarding elections. The situation remains tense, particularly in Saigon's residential section where there has been a series of terrorist attacks. [REDACTED]

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Negotiations in Laos Make Little Progress: Prospects for a settlement between the Laotian government and the Pathet Lao continue poor, despite the optimism of the International Control Commission. Little progress has been made in the current military and political negotiations. Chinese Communist and Viet Minh propaganda on Laos has become more belligerent in the past two weeks.

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Cambodians Dissatisfied With Commission's Ruling on US Aid: Cambodian officials have indicated dissatisfaction with the reservations in the resolution adopted by the International Control Commission, although the commission generally agrees that the US military aid program does not conflict with the Geneva accords. The Cambodian premier has stated that unless the phraseology is changed, his government will have no alternative but to lodge a protest with the Geneva cochairmen.

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Indonesian Cabinet Crisis: Progress toward forming a new Indonesian cabinet has thus far been characteristically slow. Aside from the usual difficulties arising from Indonesia's multiple party system, the procedure is complicated by the absence of President Sukarno and the fact that the cabinet must have army approval. Should cabinet negotiations require a month or more, Indonesia's first national elections, now scheduled for 29 September, may be delayed.

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Pakistan Delays Adhering to Turkish-Iraqi Pact: Palestine's formal adherence to the Turkish-Iraqi pact may be considerably delayed as a result of the Karachi government's failure to take immediate action after Prime Minister Mohammad Ali's public announcement on 1 July that Pakistan intended to join.

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French North Africa: The French government has yet to devise a formula which would justify continued French presence in the eyes of the North Africans, satisfy the more reasonable of native aspirations, and make it possible for the nations friendly to France to support its policy in the area. New proposals for Tunisia are expected when the French Council of the Republic considers the French-Tunisian agreement early in August. Action on the reform program for Algeria is not expected before fall, and no immediate solution is in sight for the tense situation in Morocco.

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Tension Renewed Between Costa Rica and Nicaragua: Tension has mounted between Costa Rica and Nicaragua following Nicaraguan charges against Costa Rica. President Somoza accused Costa Rica in June of complicity in a new plot to assassinate him and took measures against Costa Rican citizens transiting Nicaragua. This led to bitter exchanges between the two governments.

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PART III**PATTERNS AND PERSPECTIVES****STATUS OF KREMLIN CONTROL OF THE SATELLITES Page 1**

Moscow is faced with a dilemma in the Eastern European Satellites arising from its efforts to end intimidation as a means of control and obtain instead the voluntary co-operation of the Satellite populations. These moves--which in effect are an attempt to substitute more subtle for direct controls--have been interpreted by the Satellite peoples as indicating a weakening of Soviet controls and have whetted their desire for concessions greater than the Kremlin has been willing to make. Moscow must now choose between encouraging "voluntary" co-operation while reducing the more obvious aspects of direct controls, or abandoning present tentative efforts to govern by consent. The Soviet leadership appears to believe that, given sufficient time, a more satisfactory relationship with the Satellites can be established.

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COMMUNIST CHINA'S FIRST FIVE-YEAR PLAN Page 3

Peiping appears confident, judging from the recently released report on its first Five-Year Plan, of achieving its military and industrial aims for 1957. Barring further agricultural disasters similar to those of 1954, these aims can probably be reached. Soviet support and more intensive austerity are said to be essential for the success of the plan. Peiping says that China's level of industrialization will still be low by 1957, and that it will take 20 to 50 years for China to become a highly industrialized state.

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LATIN AMERICAN COMMUNISTS REWRITE PARTY PROGRAMS Page 9

Latin American Communists are rewriting their party programs, using the Brazilian program as a model. The programs concentrate their fire on US imperialism as the chief enemy of the people, and seek to develop allies among "anti-Yankee" nationalist business elements. While the Communists do not have good prospects of attaining their political objectives in most countries, they may be able to make significant gains in Brazil.



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PART I**OF IMMEDIATE INTEREST****PROSPECTS AFTER GENEVA**

Events at Geneva indicate that the Soviet leaders are relatively content with the status quo and believe that time is on their side in the long-term struggle with the West. They appear to be developing a foreign policy of conciliation based on strength. The West can now expect a prolonged period of relaxation, a series of international meetings, the lifting of some portions of the iron curtain, less virulent propaganda, and endless rounds of visits and cocktail parties with Soviet leaders.

Meanwhile, Moscow appears confident that its economic strength will grow and its military position vis-a-vis the West will improve, particularly in terms of air power and nuclear weapons. It probably does not believe it will have to make any major substantive concessions in order to maintain its advantageous position.

The Soviet insistence that German unity is impossible at present and must await establishment of a European security system, admittedly likely to be slow in coming, quite accurately reflects Moscow's real views. When Chancellor Adenauer gets to Moscow, however, the USSR is likely to make some new offers on unification, still based on German neutrality within a security system, but accenting more heavily the alleged Soviet willingness to meet Western demands for free elections. This tactic will be designed to portray Adenauer as an opponent of unification and if possible to undercut his strength within West Germany.

While the USSR continued to urge eventual establishment of a comprehensive European security system, which would involve the dissolution of NATO and WEU, and gave no formal answer to Eden's proposals for more limited security arrangements, Bulganin did express interest in them, and press reports say that privately Soviet officials have shown even greater interest.

This may indicate one of the opportunities for progress in the October talks. However, while the West has insisted that unification of Germany must accompany any security arrangements, Moscow probably views the Eden proposals primarily as useful preliminaries to a broad security system which would precede unification.

While Soviet acceptance of the President's proposal for aerial inspection and exchange of military blueprints was unlikely, the caution of the Soviet leaders in not immediately rejecting the plan shows that they wanted to avoid destroying the atmosphere of the meeting with any blunt rejection or sharp criticism. Swedish Foreign Ministry officials report that Marshal Zhukov, presumably after his return to Moscow, commented that the Soviet disarmament plan may not be bold enough.

The Soviet failure at Geneva to insist on discussing Far Eastern issues or to propose a subsequent Far Eastern conference appears to have been motivated simply by a desire to avoid undermining the conciliatory atmosphere by pressing an issue on which disagreement with the

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United States seemed inevitable. Another factor may have been the Chinese Communist acceptance of the American offer to begin direct talks at the ambassadorial level at Geneva. Although Peiping had previously called for both direct talks and an international conference, Moscow, if not Peiping, may well have judged that direct talks

would be enough for the time being.

Soviet and Chinese comment at the close of and following the conference on the continuing urgency of Far Eastern problems suggests that a proposal for a new multilateral conference is being held in reserve.

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TALKS BETWEEN AMERICAN AND CHINESE AMBASSADORS

Peiping's representative in the Geneva talks, scheduled to begin on 1 August, will be Wang Ping-an, Chinese Communist ambassador to Poland. Wang, who took part in talks with Ambassador Johnson a year ago on the question of detained nationals, was a Chinese Communist spokesman in Chungking and Nanking after World War II. He had an important job in the Ministry of Foreign Affairs from 1949 to 1954.

the United States against their will. Peiping may try to bargain for the forcible return of

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There is no clear indication of Chinese Communist intentions regarding the only explicitly defined topic for the Geneva talks--"the repatriation of civilians who desire to return to their respective countries..." There are at least 40 American civilians, in addition to the 11 airmen of the "spy" case, detained in Communist China, but very few Chinese detained in

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the thousands of Chinese students in the United States who do not want to go to Communist China.

It would seem to Peiping's interest, however, to take a conciliatory line on the question of detained nationals in the hope of smoothing the way for discussion of larger questions. The Chinese Communists have frequently stated their wish to negotiate with the United States about the American "occupation" of Formosa--that is, the American commitment to Formosa's defense and the presence of American forces in the area.

If approached on the concept of a cease-fire in the Formosa Straits, the Chinese Communists at Geneva are expected to begin from their frequently stated position that this question is irrelevant, as Communist China is not at war with the United States. Peiping is also expected, however, to suggest that a de facto cease-fire can continue so long

as satisfactory progress is being made toward the solution of problems the Chinese Communists define as outstanding.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****28 July 1955****PART II****NOTES AND COMMENTS****Soviet Mid-1955
Economic Plan Report**

The Soviet 1955 midyear plan report, issued on 21 July, indicates that recent measures to improve the efficiency of the Soviet economy have been generally effective.

The 1955 industrial goals, which were generally revised upward last winter, will be exceeded across the board. Agriculture, as expected, continues to be the weakest link and to receive increasing industrial support. It appears that the improvement in output of consumer goods will be somewhat less than last year. The announcement confirmed the emphasis on heavy industry and agriculture evident in Soviet propaganda since early this year.

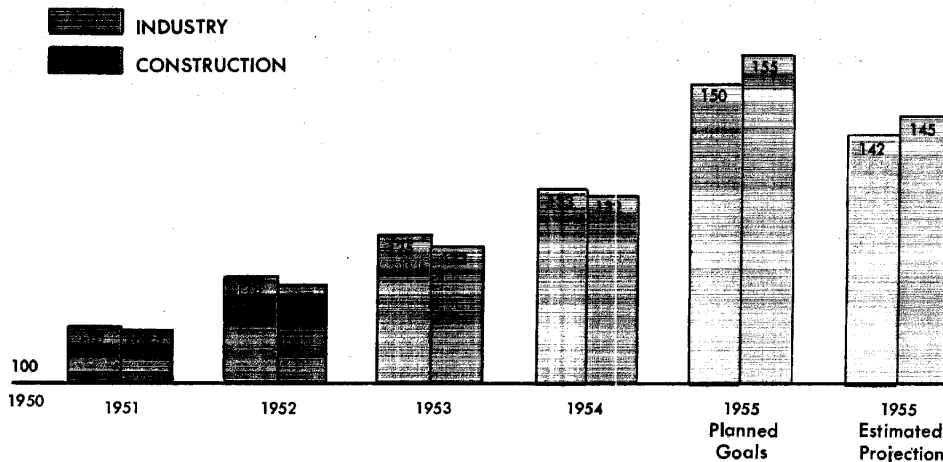
Apparently the nonagricultural labor force grew but

slightly in the first six months of 1955. In the postwar period, failure to increase labor productivity has been compensated for by sizable above-plan additions to the labor force. These additions have been the source of about half the industrial growth in this period.

This development was undoubtedly the basis for Bulganin's clear implication on 4 July before the central committee that in the future shortfalls in labor productivity could not be compensated for simply by adding more people than planned to the industrial labor force. The era of milking agriculture of its surplus labor to meet industrial production goals has apparently come to an end. Of the 315,000 young technicians graduated in the first six months of 1955, 235,000--

INCREASE IN SOVIET LABOR PRODUCTIVITY

Index—1950 = 100



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70 percent--were transferred to agriculture.

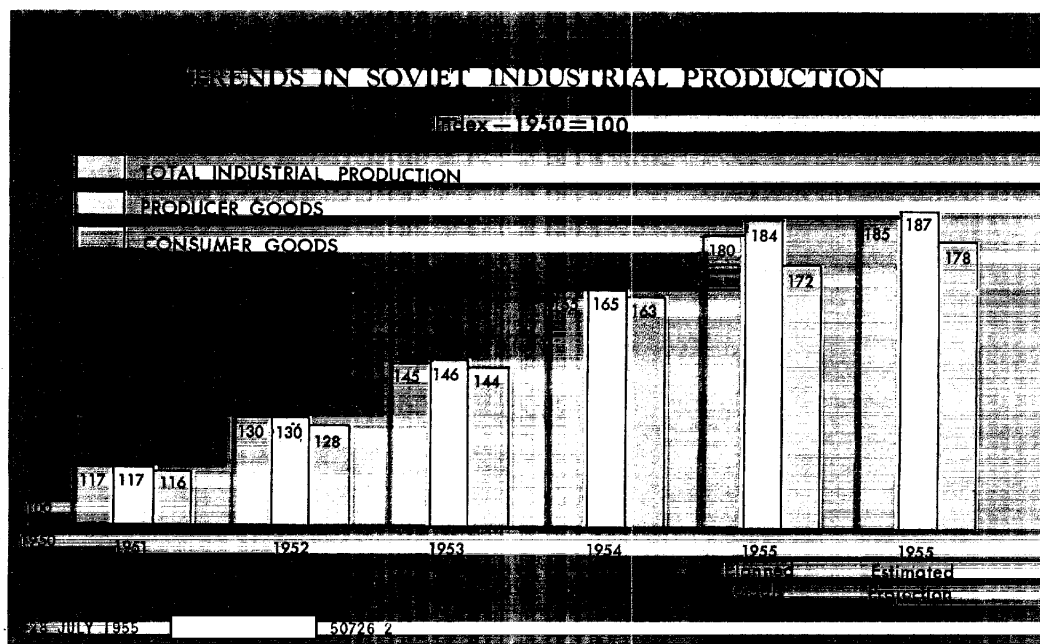
The midyear report confirms previous announcements that the goal for total industrial output of the original Fifth Five-Year Plan (1951-1955) was fulfilled eight months ahead of schedule, on 1 May 1955. This indicates that even the new, higher 1955 goal announced last February will be slightly exceeded, and suggests that the recent changes in organization and planning and the emphasis on introduction of new technology have resulted in increased efficiency.

As for basic heavy industries, output of steel and electric power continues to rise at a rate sufficient to meet the Five-Year Plan goals, indicating that certain problems facing these two industries at the end of 1954 have been solved. The rise in the rate of growth of petroleum output from 12 percent in 1954 to 19 percent in the first half of 1955 suggests

that the original plan may be slightly overfulfilled. The growth of coal output rose from 8 percent last year to 12 percent in the first half of this year.

The data on agriculture repeat earlier announcements that the sowing plan for both corn and wheat acreage has been fulfilled. Areas sown in flax, sugar beets, sunflowers, and potatoes also increased by amounts greater than last year's gains. Livestock numbers, however, increased more slowly than in 1954, and the number of hogs actually remained the same as on 1 July 1954. The delivery of machinery and equipment to agriculture continues to increase rapidly and except for row-crop tractors, grain-cleaning equipment, and tractor drills, production was generally above plan.

The data on consumer goods production and retail trade indicate that private consumption will not grow as rapidly this



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year as last. Though remaining substantial, growths in the production of manufactured consumer goods and clothing are off considerably from last year's high gains. A slight increase in the growth of food production is insufficient to offset this, with the result that the gain in total production of consumer goods has lagged somewhat behind last year's growth.

The announced 8-percent increase in retail trade, a sharp drop from the 1953 and 1954 figures, probably is less than the normal growth of wage payments. The inflationary danger inherent in this situation may be offset, however, by the increase in the state loan and the failure to reduce retail prices this year.

The volume of investment increased 11 percent in comparison with the first half of 1954, but was reported as 7 percent below plan. This surprisingly large increase occurred in the face of a 2-percent decrease below the 1954 level in new allocations for investment from the 1955 state budget. Failure to utilize a fairly large proportion of the investment funds last year and significant economies achieved through organizational and technical measures probably explain this apparent contradiction.

Investment in heavy industry apparently accounted for the bulk of the increase, with investment in light industry remaining at approximately last year's level. Investment in agriculture and transportation is reported to have increased, but precise data are not available.

Labor productivity in industry met the revised plan by increasing 7 percent in the first six months of 1955. The 10-percent increase in labor productivity in construction is a marked improvement compared to the increases of 4 and 8 percent in 1953 and 1954 respectively. This, together with sizable increases in actual construction, shows that the extensive shake-up of the building industry, begun in August 1954, has been effective.

The rates of increase in labor productivity are not, however, sufficient to meet the cumulative 1955 goals. If the growth rates of the first six months are maintained for the rest of the year, industrial labor productivity will have increased 42 percent and construction labor productivity 45 percent for the 1951-55 period, compared with originally planned increases of 50 and 55 percent respectively.

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Soviet Delegation to Geneva Visits East Berlin

Soviet efforts to increase domestic support for the East German regime and raise its prestige in the eyes of the world are apparent in the stop-over of Bulganin and Khrushchev in Berlin after the summit conference. Soviet leaders also probably considered it necessary to reassure the East German leaders and their supporters, who fear since the recent con-

ciliatory Soviet gestures toward the West that they will be abandoned for the sake of unifying Germany.

On his arrival in East Berlin on 24 July, Bulganin drew particular attention to the "sovereign" status of the German Democratic Republic and its "equality" with West Germany. He repeated the view that the

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German unity question can be solved only through the participation of the German people themselves.

Bulganin said that the East and West German regimes should share in negotiations on unity, but that this goal could be achieved only if West Germany withdrew from NATO and canceled its adherence to the Paris agreements. He also repeated the Soviet position that German reunification must await the formation of a European security pact as proposed by the Kremlin.

Cognizant of the consuming desire of the East German people for reunification, the Soviet leaders may have wished to stress that this could be achieved only if the people supported the present East German regime, which will be the one to negotiate with the West German republic.

The Soviet visitors used the occasion to tour the country, making frequent public appearances in the company of East German officials. While publicly demonstrating confidence in the government, the

Russians had an opportunity to observe conditions within the country. Soviet leaders have no doubt been disturbed by the unrest and dissatisfaction prevalent in East Germany and must regard this problem as one of first importance in the Satellites.

The unexplained absence of party first secretary Ulbricht and Deputy Premier Rau was a conspicuous feature of all the public appearances of the Soviet leaders. These two top Communists would ordinarily have been on hand for such important occasions.

It is strange that Ulbricht, who has been considered to be the "strong man" of East Germany, would be relegated to the background while the Russian and East German leaders firmed their plans for dealing with the question of unity. He may be ill or on vacation. Ulbricht went on an unpublicized vacation in the Soviet Union at about this time last year.

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Moscow May Be Studying Plans For "Free" Elections in Satellites

Some of the Eastern European Satellite governments are allegedly preparing to hold "free elections" in the not-too-distant future. Although reports of such activities are to date little more than rumor, changes already evident in Soviet-Satellite relationships apparently are scheduled to continue (see Part III, p. 1), and Moscow may be planning some form of dramatic propaganda gesture in Eastern Europe in order to impress the

West and to a lesser extent the Satellite populations themselves.

The Soviet Union has made it perfectly clear that it does not wish to be "pushed" in its relations with the Satellites.

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The USSR probably has never contemplated holding free elections in the Western sense of the term. It could, however, use the parties participating in the various national fronts to give a democratic facade to elections.

The release and rehabilitation of political prisoners has been a recurring Satellite-wide phenomenon for some time, and appeared to be one facet of the general "liberalization" program initiated in 1953. Some of these rehabilitated figures were used to bolster the national fronts during the 1954 elections in Czechoslovakia and Hungary.

More recent developments include a wave of releases of former opposition leaders in Bulgaria, and the apparent freeing this year of a number of secondary leaders in Rumania. If such men are convinced--as many of them apparently have been--that they must work for the regimes, they might serve a useful purpose for the regimes during "free" elections.

Any "free" elections planned by the Communist parties would present no danger of election upsets. The positive propaganda effect domestically, moreover, would probably be limited largely to non-Communists already predisposed to co-operate with the regimes. The general population, which might interpret any broadening of elections as a possible sign of weakness or of a genuine loosening of Soviet controls, might be encouraged to demand real concessions.

As a Soviet "conciliatory" gesture aimed at the West, the holding of "free" elections might prove effective in convincing many in the West that this represented a significant departure from previous policy.

On 10 July a London daily carried a report

that Moscow, in order to pave the way for ostensibly free elections in the Satellites, has ordered various prewar and postwar leaders and secondary figures released from prison. They would presumably appear on the election lists

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Philippines--
Magsaysay-Recto Feud

Philippine president Magsaysay's public break with Senator Recto on 26 July shows that he now is ready to make a more determined effort to lead the Nacionalista Party and push for the adoption of his own policies.

Recto leads the ultranationalist faction of the Nacionalista Party which accepted Magsaysay as its presidential candidate in 1953 because of his immense popularity. Party wheel horses, however, believed that he would be a mere figurehead and that they would determine policy.

Magsaysay readily accepted Recto's support during the election campaign and repeatedly deferred to him during the early weeks of his administration. Although the president soon became aware that his policies were jeopardized by Recto's ambition for party leadership, he had hitherto failed to take a determined stand against the senator.

Magsaysay's pro-American foreign policy has been the

basic issue in the struggle between the two men. This week's break was precipitated by Recto's charge that the Philippine recognition of South Vietnam on 15 July was dictated by the United States.

The feud between the two men is not over. Recto claims Magsaysay cannot prevent his running for re-election, implying that he will fight to stay in the Nacionalista Party and run on the party ticket. However, a report is already circulating that Recto is considering joining forces with several Liberal Party leaders to form a new party.

Recto has always attracted a great deal of publicity and his name is one of the best known in the Philippines. He is an astute politician and probably has kept his political fences well mended. He is almost certain to seek re-election in November, and whether he runs as a Nacionalista or as the leader of a new party, he will be difficult to defeat.

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Situation Remains Tense
In Vietnam

The South Vietnam government has not been conspicuously successful in its efforts to offset the adverse reaction to the Saigon riots of 20 July directed against the International Control Commission. The situation remains tense, particularly in Saigon's residential section, where there has been a series of terrorist attacks.

On 21 July, Premier Diem, aware that his government had suffered a setback as a result of the rioting, publicly expressed regret, promised compensation for losses, and gave assurances that action was being taken to prevent any recurrence.

The next day, a government communiqué denied that the

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demonstrations had been directed against the commission. Diem has indicated that he is willing for the commission to maintain its headquarters in Saigon, although Vietnamese officials had previously indicated it should move to Dalat.

These measures have thus far failed to achieve positive results. It is the unanimous opinion of the commission delegates and their military advisers that the Diem government is fully responsible for what happened, apologies and denials notwithstanding. They also note that the press, heavily censored by the government, remains highly critical of the commission. The commission has decided to remain in Saigon, not because of Diem's new attitude, but to avoid giving the appearance of succumbing to mob pressure.

The commission's position is viewed with sympathy in London, Paris, and New Delhi. The upshot has been that additional pressure has been placed on Diem to enter into some sort of consultations with the Viet Minh regarding elections.

Apparently in response to this pressure, Diem has, in effect, indicated that he is not unalterably opposed to consultation. He has requested advice from the United States as to how to handle the letter sent him--via French channels--by Vice Premier Pham Van Dong of North Vietnam requesting the appointment of representatives to conduct pre-election negotiations. A press report, quoting high-level sources, states that Diem will insist that the Viet Minh release all Vietnamese military prisoners and allow free movement of refugees to the south before considering the appointment of representatives for consultations.

The Saigon press, which heretofore has made no effort to conceal the government's hostility toward talks with the Viet Minh, appears to be taking a new line. It is repeating the theme that the south is not opposed to elections, but insists that they be genuinely free. One paper points out that where Vietnamese have been free to express their feelings without fear, they have rejected Communism, and cites the anti-Communist sentiment prevalent in areas recently freed from Viet Minh control.

There have been reports that Viet Minh representatives have been discussing the election question with Bao Dai, and Dong's letter to Diem was also addressed to the "chief of state"--Bao Dai. In 1945, Bao Dai served as "supreme counselor" to the Viet Minh.

Communist propaganda from Hanoi and Peiping continues its tough tone. A recent Hanoi broadcast commenting on the riots repeats the accusation that they were a device to sabotage the Geneva agreements and warns that "this dictatorial regime, subservient to the warmongers, will be the cause of worse results...."

The situation in Saigon remains tense because of a series of well-executed terrorist incidents in the residential section. The main targets of these attacks have been electrical and telephonic facilities. [REDACTED]

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by police or army countermeasures, a continuation of this activity will make it extremely difficult for most of the European population to remain in Saigon.

While the dissident Binh Xuyen is generally regarded as responsible, involvement of Communists is a strong possibility in

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view of recent reports of their efforts to infiltrate the Binh Xuyen. In addition, suspicion has been voiced in Saigon that unofficial French elements may have been behind these dis-

orders.

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Negotiations in Laos
Make Little Progress

The prospects for a settlement between the Laotian government and the Pathet Lao continue poor, despite the optimism of the International Control Commission in Laos.

Little progress has been made thus far in the current military and political negotiations. Moreover, Chinese Communist and Viet Minh propaganda on Laos has become more belligerent in the past two weeks.

The present optimism of the Indian and Canadian members of the control commission is based on the fact that an agenda for political talks has been agreed on, and apparently also on the assumption that the Pathet Lao genuinely desires peaceful integration into the national community. Actually, agreement on the agenda was possible only because the government accepted Indian and Canadian advice to give in to the Pathet demand that elections be the first order of business.

The government had previously insisted that control over the disputed provinces of Sam Neua and Phong Saly be the first item. The Pathet Lao is now presenting its case on elections and there is every indication that discussions on this problem will be protracted.

Military negotiations on the disposition of opposing forces in the Muong Peun area of Sam Neua Province are also stalled. The Pathet Lao is insisting on keeping its present positions, while the government is pressing for an arrangement which would secure communications between its Muong Peun garrison and neighboring Xieng Khouang Province.

There is little reason to believe that the Pathet Lao and its Viet Minh advisers are negotiating in good faith. The Communists are unlikely to relinquish their control of the disputed provinces unless they can obtain in exchange a strong position in the rest of the country.

In the past two weeks, Chinese and Viet Minh propaganda regarding Laos has hardened. The United States is accused of having instigated the recent government "attack"--which was in fact a counterattack--on the Pathet Lao at Muong Peun. Communist propaganda charges that "sinister American maneuvers" in Laos threaten to "rekindle the flames of war in Indochina."

While this propaganda campaign may be laying the groundwork to justify the use of violence, its immediate objective appears to be to back up Communist political demands.

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Cambodians Dissatisfied With
Commission's Ruling on US Aid

Cambodian officials have indicated dissatisfaction with the reservations in the resolution adopted by the International Control Commission which generally agrees that the American military aid program does not conflict with the Geneva accords.

The Cambodians object to the resolution, which has not yet been published, because it implies that there are lingering doubts as to the validity of the aid agreement under the Geneva accords. The Cambodian premier has stated that unless the phraseology is changed, his government will have no alternative but to lodge a protest with the cochairmen of the 1954 Geneva conference.

The premier has promised, however, first to seek a compromise with the Indian chairman of the commission.

The outcome of these negotiations is very much in doubt. The Indian official is in a particularly difficult position as his government is anxious to maintain and extend its influence in Cambodia while at the same time to avoid antagonizing either Communist China or the Viet Minh. The final decision, therefore, again rests with New Delhi, where opinion seems to be in favor of going ahead with publication of the resolution.

Even if the resolution problem is settled by mutual agreement, implementation of plans to publish the background material is bound to draw a strong Cambodian protest. Included among these documents is the commission's letter of 5 July to the Cambodian government specifying the doubts concerning the aid agreement.

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Prince Sihanouk was named chief of army operations on 25 July. Sihanouk would be, in effect, commander in chief of the Cambodian security system and in a position to control the country through the police as well as the army. His appointment, if confirmed, would be an effort on his part to ensure an overwhelming victory for his followers in the 11 September elections.

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Indonesian Cabinet Crisis

Progress toward forming a new Indonesian cabinet has thus far been characteristically slow. Aside from the usual difficulties arising from Indo-

nesia's multiple party system, the procedure is complicated by the absence of President Sukarno and the fact that the cabinet must have army approval.

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Vice President Hatta accepted Prime Minister Ali's resignation on 24 July. He will complete conferences with the 20 parliamentary parties and factions about 29 July and hopes to be able to name a cabinet formateur by that time. Action may be delayed, however, until Sukarno returns from his pilgrimage to Mecca on 4 August. Meanwhile, the Ali cabinet remains in office on a caretaker basis.

The army leaders primarily responsible for the cabinet collapse are reported to have informed all parties that the formation of a new cabinet will not in itself solve the army crisis. The army is expected to press for guarantees from the new government on future army policy, particularly with regard to organization and training. It will also seek a clear understanding on the extent to which politics will influence the military establishment.

Hatta and Sukarno are expected to work for the formation of the usual parliamentary cabinet, despite pressure from the Masjumi and other opposition parties for a "presidential cabinet" appointed by the president and responsible to parliament. There is no constitutional basis for such a "presidential cabinet" and the formation of one would

require either parliamentary authorization or an executive decree, neither of which is likely until other efforts have been exhausted.

The formation of a cabinet has always been a lengthy procedure in Indonesia. Negotiations for the country's four previous cabinets took from five to ten weeks. With elections close at hand, however, agreement may be reached this time with less difficulty than usual. It is also likely that, in an effort to expedite matters and avoid party jealousies, as many parties as possible will be invited to join the government.

If the cabinet negotiations do require a month or more, Indonesia's first national elections, now scheduled for 29 September, may be delayed. The government is highly centralized and the formation of a new cabinet is usually accompanied by the cessation of all but routine activity. In addition, the Ali government, faced with the prospect that another cabinet will be in charge of supervising the elections, will have little incentive to press election preparations. The incoming regime will also probably wish to inspect the electoral machinery before proceeding with election plans.

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25X1**Pakistan Delays Adhering To Turkish-Iraqi Pact**

Pakistan's formal adherence to the Turkish-Iraqi pact may be considerably delayed as a result of the Karachi government's failure to take immediate action after Prime Minister

Mohammad Ali's public announcement on 1 July that Pakistan intended to join. By not acting before the newly elected Pakistani Constituent Assembly met on 7 July, the government lost its best

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opportunity to adhere to the pact without opposition from dissident politicians.

Opposition deputies in the assembly are now likely to demand either that Pakistan not join at all or that the assembly be asked for its approval. Since the government's control of the assembly is still shaky, it may be unable to obtain quick ratification of the pact.

The principal factor complicating the situation is the possibility that Governor Gener-

al Ghulam Mohammad may die at any moment. This is encouraging politicians such as Awami League leader H. Suhrawardy to bargain for high posts in the government as the price of their parties' continued support of the Moslem League. If the governor general should die and these leaders not be satisfied, there might be a shift in the relationships of the major parties in the assembly, and the Moslem League might have to seek to form a majority by alliance with a number of independents and minor party groups.

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French North Africa

The French government has yet to devise a formula which would justify continued French presence in the eyes of the North Africans, satisfy the more reasonable of native aspirations, and make it possible for the nations friendly to France to support its policy in the area.

The two immediate problems in Tunisia deal with the economy and the new constitution. Proposals to solve these issues probably will not be announced until the French Council of the Republic considers the French-Tunisian Agreement early in August. Meanwhile, repercussions from the Moroccan disorders took the form of a series of relatively minor incidents. Immediate and firm police measures should reduce the possibility of serious disorders in Tunisia.

The French governor general in Algeria recently expressed confidence that the rebel effort has been so weakened that the French would shortly have

the situation in hand. The American diplomatic agent believes, however, that this would mean only the establishment of comparative calm, not a solution of the Algerian problem. On the other hand, the letup in rebel activity may be a maneuver rather than the results of French military repression.

The French National Assembly now plans to discuss the Algerian situation on 28 and 29 July, when it will consider giving the government decree powers to extend the state of emergency beyond October, creating a fourth Algerian department with headquarters at Bone, and approving some administrative reforms.

The most controversial measures of Governor General Soustelle's Algerian reform program have been strongly opposed by the French settlers. These measures, considered essential to alleviate the unrest among Algerian Moslems,

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would remove the Moslem religion from state control, teach Arabic in state schools, and progressively extend local self-government.

The proposals will first be considered by the Algerian Assembly, which convenes at the end of September, where they are expected to be defeated. Subsequent passage by the National Assembly in Paris is, however, hoped for. This delay in a program which was first announced last December will prolong the high tension.

In Morocco, Resident General Grandval's tour of the principal cities was broken off at Meknes when Moroccan nationalist-inspired demonstrations in favor of the deposed sultan, Mohamed ben Youssef, and welcoming Grandval resulted in bloodshed in both Marrakech and Meknes.

Grandval's third stop was to have been Fez, the Moroccan

religious center, where tensions are particularly high with the approaching religious festival of Aid-el-Kebir, which will be celebrated this week end. French residents in Morocco, most of whom are apprehensive over what policy Grandval may propose, may even have provoked the incidents at Meknes and Marrakech in order to impress Grandval with the undesirability of granting concessions to the Moroccans.

Despite Grandval's reported assertion that Paris is not considering restoration of Ben Youssef to the throne, rumors are circulating that he will be brought back before the week-end's festivities. Without the return of Ben Youssef, which is the basic demand of Moroccan nationalists, this important religious holiday will again be a period of mourning and possibly of widespread serious disorders. [REDACTED]

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Tension Renewed Between Costa Rica and Nicaragua

Tension has mounted between Costa Rica and Nicaragua following Nicaraguan charges against Costa Rica. President Somoza accused Costa Rica in June of complicity in a new plot to assassinate him and took measures against Costa Rican citizens transiting Nicaragua. This led to bitter exchanges between the two governments. [REDACTED]

The work of the Commission on Investigation and Conciliation, set up by the Council of the Organization of American States after the abortive

Nicaraguan-backed rebel invasion of Costa Rica last January, mitigates but does not eliminate the danger of a serious crisis. The commission secured concessions from both governments on 21 July, including a promise to continue negotiation of a treaty designed to guarantee each country against revolutionary or terroristic acts originating in the other.

The internal situation in Nicaragua could lead to further incidents. Somoza, strong man of Nicaragua since 1934, is preparing to succeed himself in elections set for November 1956. [REDACTED]

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PART III

PATTERNS AND PERSPECTIVESSTATUS OF KREMLIN CONTROL OF THE SATELLITES

Moscow is faced with a dilemma in the Eastern European Satellites caused by its efforts to end intimidation as a means of control and obtain instead the voluntary co-operation of the Satellite populations. These moves--which in effect are an attempt to substitute more subtle for direct controls--have been interpreted by the Satellite peoples as indicating a weakening of Soviet controls and have only whetted their desires for concessions greater than the Kremlin has been willing to make.

After World War II, the Kremlin sought to develop through force and intimidation all the means necessary to prevent any Satellite regime from slipping the Soviet yoke and to preserve the Communist People's Democracies against possible overthrow by their dissident populations. Control was gained, however, only at the expense of the good will and co-operation of the Satellite populations and the stifling of initiative among local Communist leaders. Furthermore, the USSR failed to obtain the economic and political benefits which it expected from its domination of the Satellites.

After Stalin died, Moscow began to move away from intimidation and sought to develop active support for the Communist regimes among the Satellite populations by appealing to their self-interests and--particularly in Hungary and Poland--to their strong nationalist sentiments.

During 1953 and 1954, the drive toward the traditional goals of rapid industrialization, socialization of agriculture, and elimination of "class enemies" was temporarily shelved. Through this "new course", the Soviet leaders attempted to

rectify the growing economic imbalances which had lowered living standards and led to greater popular resistance.

To grant the Satellites an appearance of a greater degree of control over their own internal affairs, the Kremlin ostentatiously withdrew its outstanding reparations claims and sold back to various Satellite regimes its interest in most of the Soviet-Satellite joint companies. It condoned the tailoring of Soviet directives to fit the particular conditions within each Satellite. The Satellite regimes were also directed to attempt to improve trade and diplomatic relations with the non-Communist world.

The Kremlin has, however, strengthened its hold over Eastern Europe in less obvious ways. Since July 1953, the USSR has replaced its ambassadors to most of the Satellites with men who have had extensive experience in party or government administration, and who are presumably better qualified than Foreign Ministry specialists to serve as channels of Soviet control.

The joint Soviet-Satellite military command established at the Warsaw conference on 14 May 1955 was apparently set up primarily as a bargaining instrument to obtain the dissolution of NATO. It can be used, however, to legalize the extension of Soviet occupation of Eastern Europe while creating the appearance of increased Satellite sovereignty.

The increasing integration of the long-range economic plans of the Soviet Union and the Satellites will ultimately place the Satellite economies more

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effectively under Moscow's control than heretofore by reducing their self-sufficiency and tying their production plans more directly to the over-all Soviet bloc program.

There are a number of steps the USSR can take to further the semblance of Satellite independence without actually weakening its control. For example, the Cominform, long a symbol of Soviet domination but never in fact an instrument of control, could be abolished without cost to the USSR. The USSR could also withdraw some of its troops from Hungary and Rumania without either compromising its control over these Satellites or prejudicing its military position vis-a-vis Western Europe.

Gestures made since Stalin's death toward "liberalization" of economic and political programs, however, have not had the desired effect. Elements within some of the Satellite Communist parties--and particularly in the Hungarian party--seized on the Kremlin's recognition of the right of individual states to adapt Soviet experience to local conditions. This resulted in policies at odds with the traditional Soviet policy and in a serious loss of party discipline in Hungary.

The realization in Moscow that a continuation of this trend could not be tolerated was at least partially responsible for Malenkov's demotion in February 1955 and Hungarian premier Nagy's ouster in March. Kremlin leaders have since modified their manner of implementing this policy in order to re-emphasize the traditional goals, to tighten discipline within the parties, and to prevent further local deviations from the Moscow line. The Kremlin probably considered this especially necessary prior to any dramatic gestures toward Tito's Yugoslavia. There has

been no return, however, to the coercive tactics typical of the Stalinist period.

The rapidly unfolding Soviet diplomatic offensive of the past few months has aggravated Moscow's problems in Eastern Europe. The reaction of the Satellite people and party members to Soviet diplomatic moves has faced the Kremlin with the possibility that it might have to use force to maintain control. This, of course, would vitiate its efforts to ease international tensions and gain sympathy for Soviet policies.

Moscow's signature of the Austrian state treaty raised extravagant hopes among the Rumanians and Hungarians for the early withdrawal of Soviet troops. The widespread expectation among the Satellite populations that the West would demand a consideration of the status of the Satellites at the summit meeting gave rise to wild rumors and speculation that unpopular local officials would be purged, that free elections would be held, and that the Satellites would be granted a neutral status.

Local Communist leaders in the Satellites, particularly at the lower levels, have also been confused by the rapid shifts in policy. The Soviet recognition of the validity of the Titoist variant of Socialism has aggravated the problem of discipline within the ranks of the various Communist parties. Some top-level leaders are probably not only confused but fearful, especially since they have been closely identified with strong anti-Tito policies, which now appear to be proscribed.

Soviet leaders are extremely sensitive to this reaction and are taking strong measures to counter it. They took a firm stand against considering the status of the Satellites at the four-power conference. Most of the Satellite regimes are, under

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Kremlin direction, undertaking campaigns to strengthen labor discipline and heighten vigilance against both internal and external enemies. They are increasing their efforts to convince the populations that the United States is interfering in internal Eastern European affairs through subversive tactics.

The cautious publicity given in the Satellites to Khrushchev's acceptance of the Titoist alternative to the Soviet road to Socialism indicates that the Soviet leaders realize that this recognition must be carefully circumscribed in the Satellites lest it encourage nationalist deviation within the Satellite parties. At the same time, however, they must

gain consistent Satellite support for their new Yugoslav policy in order to solidify whatever success they have gained in their appeal to Tito for a genuine rapprochement. This has again raised the problem for the Kremlin of how to ensure Satellite compliance without exposing the naked machinery of Soviet domination.

The Soviet leaders probably believe that given sufficient time they can establish a more satisfactory relationship with the Satellites. During their talks with Tito in early June, Soviet leaders reportedly claimed that there would be a change in their policy toward the Satellites, but that time would be needed for this.

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COMMUNIST CHINA'S FIRST FIVE-YEAR PLAN

Peiping has announced for the first time the main details of its first Five-Year Plan. It was begun two and a half years ago but the final draft was completed only last February. The announcement discloses that Peiping is generally adhering to its previously announced ambitious industrialization goals while reducing agricultural targets.

The regime appears confident of achieving its goals for military and industrial development. Barring further agricultural disasters similar to those of 1954, these aims can probably be reached.

Peiping is placing greater emphasis on austerity and is temporarily showing the trend toward socialization in agriculture and retail trade in order to stimulate production incentive.

The Five-Year Plan report acknowledges the importance of material and technical aid from the USSR, which has assumed responsibility for the construction of 156 large industrial projects described as the core of the industrial construction program. The report reasserts China's determination to achieve a socialist society on the Soviet pattern in three Five-Year Plans and to become a highly industrialized country in 40 to 50 years, but says that by 1957 the level of industrialization will still lag far behind that of Japan.

Investment

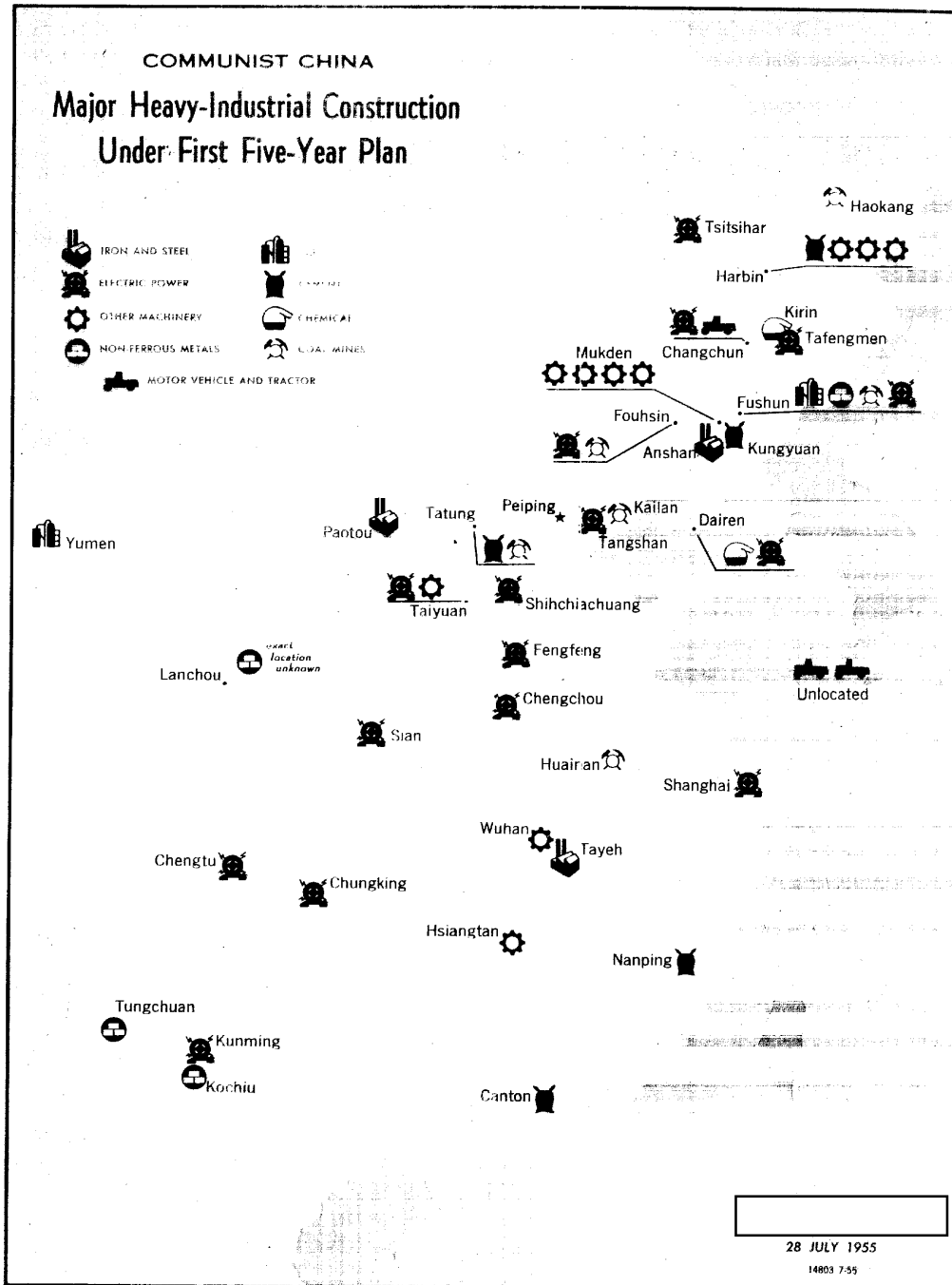
Capital investments--additions to fixed assets--from 1953 through 1957 are to total \$18.3 billion. This is more than 10 percent of the gross national product during the period, a high

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figure for a country with China's low standard of living. The rate of investments is to rise as the plan progresses; 68 percent of construction work is scheduled for the last three years of the plan.

The \$18.3 billion (converted at the current exchange rate) is allocated principally to the following: 58.2 percent to industry; 19.2 percent to transport, posts and telecommunications; and only 7.6 percent



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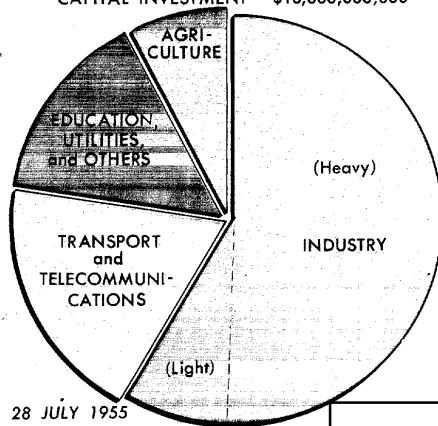
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COMMUNIST CHINA

Five-Year Plan

CAPITAL INVESTMENT - \$18,300,000,000

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to agriculture, forestry and water conservancy.

Of the \$10.7 billion for industry, heavy industry is allocated 88.8 percent, a larger proportion than in the Soviet first Five-Year Plan, but one which is justified, according to Peiping, by the existence of much idle capacity in light industry and lack of raw cotton and other agricultural raw materials to support a large expansion of light industries.

The geographical center of industry is to be shifted inland for both security and economic reasons, but this redistribution will not become significant until the second Five-Year Plan, during which new industrial bases in North, Northwest and Central China are to be completed. Meanwhile, China's industry will remain concentrated in Manchuria and coastal areas. Of the 694 large industrial projects being started during the first plan, 472 are located in inland provinces.

Some investment prices supplied by Peiping when compared with construction costs in other countries suggest that the

exchange rate at which the \$18.3 billion figure for investments is calculated somewhat, but not greatly, overstates the real value of the investment program.

Peiping has reported the costs of the following enterprises: \$840,000,000 for an iron and steel enterprise with an annual capacity of 1,500,000 metric tons; \$28,000,000 for a 50,000-kilowatt power plant; \$170,000,000 for a tractor plant producing 15,000 54-horsepower tractors per year; and \$14,000,000 for a 50,000-spindle textile mill. While comparisons are difficult and tentative, it is believed that China is budgeting the costs of its new plants at a higher level than the costs of comparable facilities in non-Communist undeveloped countries.

Little new capacity had been added to China's industries by 1954, however, and a substantial portion of the new plants will not be in operation until the second Five-Year Plan.

Industry and Rail Transport

The Five-Year Plan report retains the previously announced industrial target of doubling gross output between 1952 and 1957. The annual increases in the gross value of industrial production and railroad transport operations are to fall off sharply after the first two years of the plan from an annual average increase of about 24 percent in 1953 and 1954 to 9 percent per year in the last three years of the plan. This decline is anticipated despite rising investments and industrial capacity, and results from a considerably intensified use of existing industrial and transport capacity during 1953 and 1954 to a nearly maximum level.

The projected decline in the annual rate of increase is

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less pronounced in heavy industries than in textile and light industries. The proportion of gross output of heavy industries to total industrial output is to rise from 39.7 to 45.5 percent during the period of the plan.

Agricultural Production

The new 1957 target for food crops is 192,800,000 metric tons, 17.6 percent over 1952 but 10 percent below a 1957 goal announced in 1953. Although Peiping is appraising its agricultural prospects more realistically than in 1953, even the reduced target is believed to be unattainable with the small investment resources allocated to agriculture.

Since Peiping has admitted that agriculture is to have low priority for investment in the second Five-Year Plan, except for the large projects to control the Yangtze and Yellow Rivers, it is estimated that the actual rise in food output during both plans will not be much more than 10 percent. Population growth during this period will almost certainly be as great.

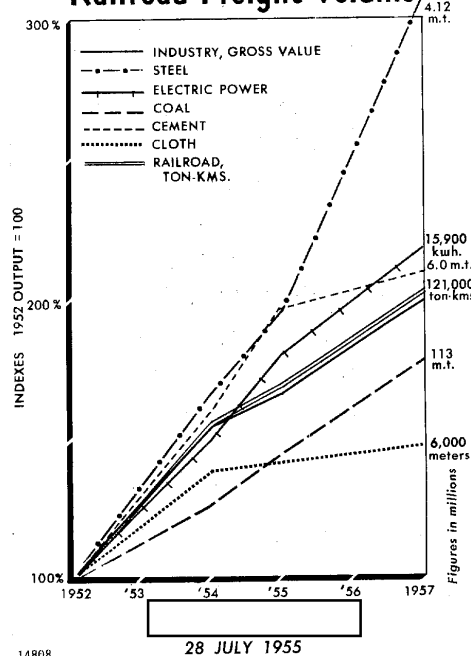
The goals for industrial crops are higher than those for food: raw cotton production is to rise 25.4 percent in the five-year period; oil bearing crops, 37.3 percent; sugar cane, 85 percent; and tobacco, 76.6 percent.

Socialization

Efforts toward socialization during the last three years of the plan are to be concentrated on eliminating remaining private industrialists. Meanwhile, the drives to socialize two other groups--farmers and retail merchants--are to be moderated, evidently a belated attempt to retain agricultural production and marketing incentives.

COMMUNIST CHINA

Industrial Production and Railroad Freight Volume



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Whereas in 1954 Peiping predicted that by 1957 more than half the peasants would be in agricultural producers' co-operatives, an elementary form of collective, this target has now been cut to one third. As most peasants in the "old liberated areas" of northern China are to join co-operatives, apparently little effort is planned in the Yangtze Valley and South China, where peasant opposition to the regime is probably more intense. At present, 14 percent of the 110,000,000 peasant families in China are in co-operatives.

Private retail merchants apparently have been given a reprieve. The proportion of retail trade to be handled by state organizations is to decline from 58 percent in 1954 to 55 percent in 1957, but there will be a concurrent tightening of indirect controls on private retailers.

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The state plans to absorb by 1957 most remaining private industry. The proportion of total industrial output produced in state-owned factories and others under direct state control was 37 percent in 1949, 61 percent in 1952, 75 percent in 1954 and is to be 88 percent in 1957.

The placing of nearly all wholesale trade under state management--a primary goal of the first Five-Year Plan--has already been accomplished. This move and the related program of forced purchase of farm products under a quota system have increased considerably the regime's control over farm produce and private industrial output.

Ties with the USSR

Soviet aid is said to be essential to the plan, with the 156 projects being built by the USSR constituting the nucleus of industrial construction in the plan. Peiping claims

that it has a high priority for delivery of equipment from the USSR. The European Satellites, probably at Soviet direction, are supplying increasing quantities of equipment and technical aid for industrial development in China.

According to the plan report, China expects with Soviet aid to begin the development of atomic energy for economic purposes by 1957. The USSR has publicly offered during 1955 to help China and several Satellites to develop atomic energy for peaceful purposes.

The report emphatically reaffirms China's close ties with the USSR. It devotes a long section to praise for Soviet aid, and other sections contain frequent references to Soviet aid, citations of Soviet sources for justification of policies, analogies from the first Soviet Five-Year Plan, and assertions that Soviet patterns are being followed.

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LATIN AMERICAN COMMUNISTS REWRITE PARTY PROGRAMS

Since the draft of the new Brazilian Communist Party program was issued in January 1954, other Communist parties in Latin America have been re-writing their own programs, using the Brazilian one as a model. The Communists' prospects for achieving their political objectives are unfavorable in most countries. In Brazil there is a possibility, however, that the party may be able to strengthen its position through an electoral alliance.

The new Communist programs seek to isolate United States "imperialism" as the chief target for attack. They seek to bring the "national bourgeoisie"--business elements independent of American control--into a Communist-led "united democratic front for national liberation."

The new party programs recognize the significance of Latin America as the locus of 40 percent of all American foreign investment, the source of 32 percent of US imports, and the market for 26 percent of the United States' non-military exports. The Communists hope to capitalize on the widespread dissatisfaction with dependence on United States capital and trade policies.

The Communist programs are designed to isolate the United States by promoting trade with non-American countries, and to gain the sympathy of a dissatisfied, nationalistic, bourgeois group.

In this effort, the parties are aided by the Soviet Union's trade offensive. This offensive, of which the recent Soviet trade fair in Buenos Aires was an example, caters to Latin American interest in independent national development programs, barter agreements, and development of non-US markets and sources of supply.

The Latin Americans' dissatisfaction with their economic relations--often linked with emotional "anti-Yankee nationalism"--is one of the greatest assets the Communists have to exploit. The growth of trade between the USSR and Latin America--responsible for Uruguay's recent decision to reopen its legation in Moscow--may indirectly contribute to the prestige and security of local Communists.

The Brazilian Program

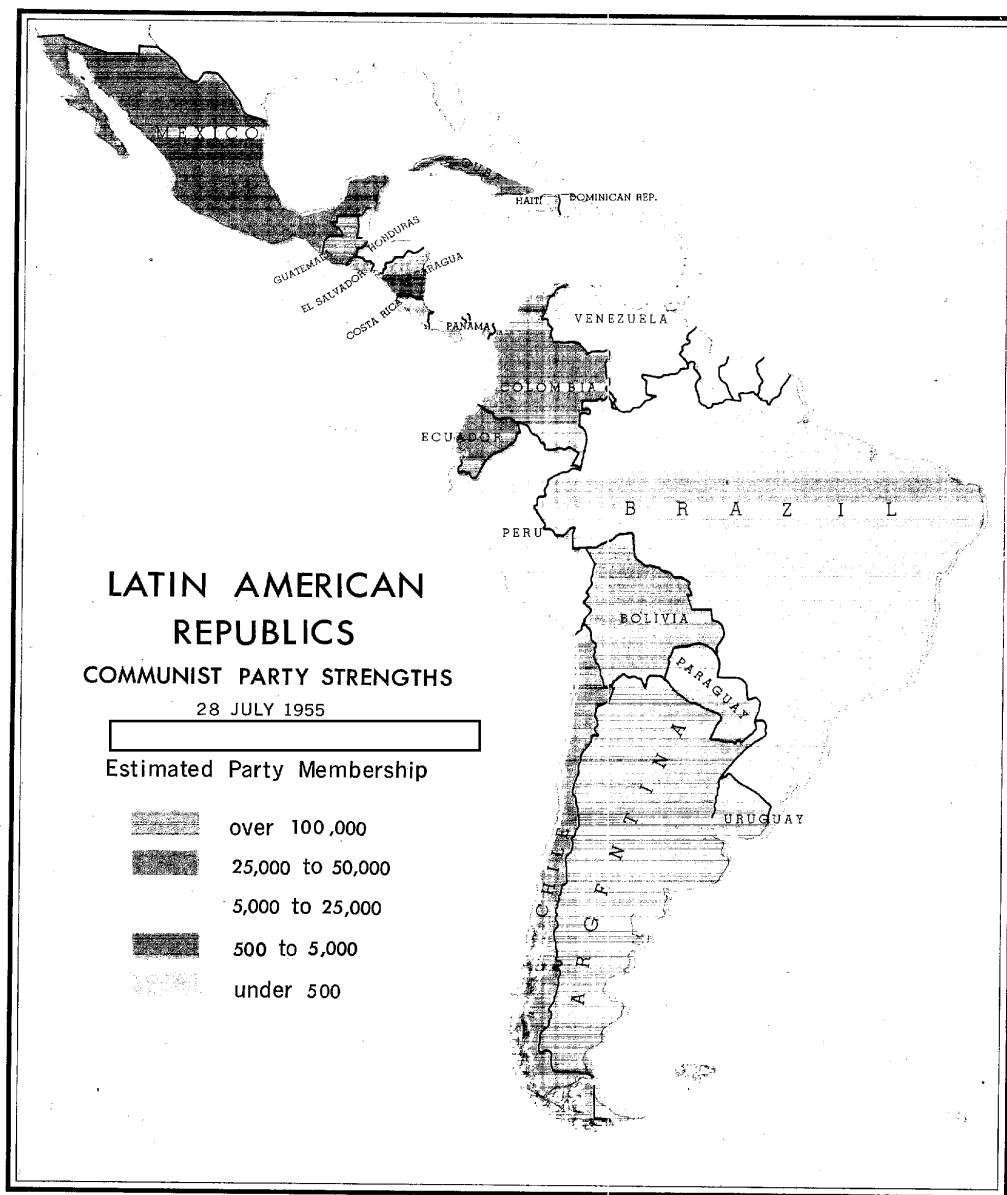
The Brazilian party's program was developed in 1952 and 1953 under Soviet guidance and has received the official

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endorsement of the Soviet Communist party. It was approved by the Brazilian Communist Party congress in November 1954.

The major objectives of the Brazilian party's program were presented in the Cominform journal earlier this year in an article by Diogenes Arruda Camara, secretary of the central committee of the Communist Party of Brazil. Arruda listed the main conclusions of the

program, such as the necessity of overthrowing the present Brazilian government--identified as the tool of American "imperialists"--the need to form a united front of all anticolonialist and antifeudal forces, from the proletariat to the national bourgeoisie, and the need to make the Communist program that of "the whole people."

Arruda noted that the program recognizes "Marxist-Leninist

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teaching" with respect to the nature of the revolution in colonial and dependent countries i.e., that in such countries the native capitalists themselves are victims of imperialism, and are thus useful as allies in the anti-imperialist struggle. Arruda then defined the "four new basic elements" of the program as follows:

First, it "concentrates its fire on US imperialism," and "makes it possible to use the contradictions among the imperialists in the interests of the revolution," and seeks as provisional allies those Brazilian capitalists who are linked with "non-US" imperialist groups.

Second, it demands confiscation of the properties of large landowners only, and thus corrects the former "sectarian" error of viewing the "rich and even the middle-class peasants" as a counterrevolutionary force. By guaranteeing the property of the well-to-do peasants, the program accepts "objective economic reality," and makes it possible to win over the well-to-do peasants as allies, and increases the possibility of winning over the richer peasants.

Third, the program does not ask for the confiscation of all banks, enterprises, and capital, but only of those which have "betrayed national interests" through collaboration with American interests.

Fourth, the program seeks the establishment of a "people's democratic state" which would be "a coalition of the working class, peasantry, intelligentsia, petty bourgeoisie, and national bourgeoisie," led by the proletariat and the Communist Party.

Brazilian Program as a Model

The Brazilian program has been given continuing laudatory

attention in the Soviet and Cominform press, and is now being extensively copied. Steps have been taken toward the formulation of new programs by Communist parties in Colombia, Costa Rica, Ecuador, Paraguay, Uruguay, Venezuela, and possibly other countries. In a number of cases, parties have explicitly recognized the Brazilian program as their guide, and in others, acceptance of its major points is apparent in party activities.

In Mexico, for example, the committee assigned to draft a new party program has come to the following "conclusions": (1) the Ruiz government represents only the wealthy class and gives special protection to United States capital; (2) the "national bourgeoisie" should be persuaded of the need to fight "Yankee imperialism"; and (3) even those bourgeoisie who are linked with British or French "imperialism" should be defended if they are opposed to the United States.

Mexican party leaders stress that the "national bourgeoisie" --which they have defined as those whose capital comes from within the country and who manufacture for domestic or other Latin American consumers--must be sought as allies and assured that their properties will not be confiscated. Stating that the "democratic-bourgeois revolution" has already developed in Mexico--reaching a peak in the 1930's under President Cardenas--the Communists define their task as that of exposing the betrayal of the present bourgeois administration and building a democratic, anti-imperialist liberation front under their own leadership.

In Costa Rica, the "new theoretical contributions" of the Brazilian party program were recently praised by Rodolfo Guzman, a member of the political commission of the Costa Rican Communist Party, who is preparing a draft program for

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consideration at a party congress to be held later this year.

The Venezuelan Communists have recently published the Brazilian party program in pamphlet form, calling it evidence of "a new stage in the application of Marxism to the conditions obtaining in Latin America, where the people have the same enemy--US imperialism--and generally similar economic, social, and political problems."

The Uruguayan Communists, who will also hold a congress this year, are likewise studying the Brazilian program. The Paraguayan and Colombian Communists have acknowledged it, and within the Chilean party it has been described as a "model for all of Latin America with respect to party organization, press, and propaganda."

Implementing the Programs

In most countries, the Communists' prospects are unfavorable. Both administration and major opposition parties are anti-Communist, and the Communists, often numerically insignificant, must be circumspect in their actions. Moreover, their programs, calling for a broad coalition of popular forces, preclude alliances with extremist non-Communist elements which have no popular support.

In Mexico, for example, the anti-Communist administration party has a virtual monopoly over popular support. The Communist Party, with only about 4,500 card-carrying members, has found it impossible to discredit the administration leadership.

In Colombia, the party is in danger of drastic suppression, has gained no supporters for its "democratic front for national liberation," and has denounced as "sectarian" those who favored open support of the

extremist Liberal elements now engaged in guerrilla activity.

In Chile, the party position is somewhat better. There it possesses some 35,000 members, appears well organized, has good propaganda outlets and a significant influence in labor. It remains illegal, however, and the "people's front" which it has been able to establish with minor legal parties is politically ineffective. The Chilean Communists' fear of government repression was recently apparent in their reluctance to support the one-day general strike of 7 July.

Only in Brazil does there seem to be a possibility at present of significant Communist political achievement in line with the party program. There the 120,000-member Communist Party, although illegal, is very well organized, has a popular following in its own right, and has instructed its members that they must be prepared to "take up arms immediately" in event of illegal seizure of government power. However, the Communists, recognizing the infeasibility of challenging the Brazilian armed forces by taking unilateral action of a violent nature, are concentrating on efforts to align themselves with other political forces. In this effort, the party achieved one striking success when it formed a winning alliance with two important legal parties in the Sao Paulo mayoralty elections of May 1955.

The Brazilian Communists hope to establish a similar alliance prior to the presidential elections on 3 October.

The existence of several candidates and the divided electorate place the party in a position to bargain its sizable disciplined vote for an opportunistic alliance which, if successful, would greatly enhance the party's political position.

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